UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
GENERAL

TD/TIMBER.2/3
26 February 1993

Original: ENGLISH

UNITED NATIONS CONFERENCE FOR THE NEGOTIATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1983
Geneva, 13 April 1993
Item 8 of the provisional agenda

PREPARATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1983

Background, status and operation of the International Tropical Timber Agreement, 1983, and recent developments of relevance to the negotiation of a successor agreement

Note prepared by the UNCTAD secretariat in cooperation with the secretariat of the International Tropical Timber Organization

GE.93-50640

CONTENTS

		Paragraphs
I.	INTRODUCTION	1
II.	BACKGROUND TO THE 1983 AGREEMENT, ITS MAIN FEATURES AND STATUS	2 - 40
	A. Preparatory Meetings and the 1983 Conference	2 - 13
	B. Main features of the 1983 Agreement	14 - 40
	1. Objectives	15 - 16
	2. Structure and functions of ITTO	17 - 36
	3. Status of the 1983 Agreement	37 - 40
III.	OPERATION OF THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1983	41 - 51
	A. Policy and normative guidelines	41 - 44
	B. Projects	45 - 48
	C. Other activities	49 - 51
IV.	RECENT DEVELOPMENTS IN OTHER FORA OF RELEVANCE TO THE NEGOTIATION OF A SUCCESSOR AGREEMENT	52 - 74
	A. UNCTAD VIII	53 - 54
	B. United Nations Conference on Environment and Development	55 - 74
	1. Non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests	59 - 71
	2. Agenda 21	72 - 74

Annex

Members of the International Tropical Timber Organization as of 31 January 1993

I. INTRODUCTION

1. This note provides, for the information of the Conference, a review of the background leading to the negotiation of the 1983 Agreement, its main features, the current status of the Agreement, a brief summary of the accomplishments of the International Tropical Timber Organization under the Agreement and a brief account of main developments in other fora pertinent to the negotiation of a successor agreement.

II. BACKGROUND TO THE 1983 AGREEMENT, ITS MAIN FEATURES AND STATUS

A. Preparatory Meetings and the 1983 Conference

2. International action on tropical timber was considered in a series of six preparatory meetings and a number of other meetings and seminars which were convened between May 1977 and December 1982 pursuant to UNCTAD Conference resolution 93(IV) on the Integrated Programme for Commodities.

3. The First Preparatory Meeting (23-27 May 1977) laid the basis for further and detailed examination of appropriate measures and techniques in a work programme which was directed toward achieving certain objectives agreed by the Meeting. One of the objectives was to promote investment for regeneration of forest resources in order to achieve continuity of supplies of tropical timber on a long-term basis. Allied to it and branching into other aims was another objective: to develop and sustain a comprehensive and purposeful programme of research and development aimed at improving forest management, reinvestment and maintenance and the quality of tropical timber and products thereof, expanding their end-uses, and maximizing utilization of lesser-known species.

4. Other main objectives agreed by the First Preparatory Meeting were: to accomplish stable market conditions in the trade in tropical timber, including avoidance of excessive price fluctuations at levels which will be remunerative and just to producers and equitable to consumers, and to improve and sustain the real income of individual tropical timber producing countries through increased export earnings.

5. Further objectives related to measures to be taken. One was to accomplish greater accessibility to and continuity of information relating to supply and market structure, conditions and behaviour in producing and consuming countries. Another was to overcome infrastructural, technological and other structural deficiencies within the timber industry of the tropical timber producing countries. A third was to achieve the expansion and development of processing and manufacturing of timber-based products in the producing countries with the aim of improving their industrialization and increasing their export earnings. Other, more specific, objectives included improvement of access to markets in consuming countries and achieving international standardization of nomenclature of species, qualities, grades and specifications in the tropical timber trade.

6. Consideration of appropriate measures and techniques and development of the work programme directed toward the above-mentioned objectives continued from the Second to the Sixth Preparatory Meetings and several other intervening meetings which were held from October 1977 to June 1982.

7. The Sixth Preparatory Meeting (1-11 June 1982) reached agreed conclusions on four elements of an international agreement on tropical timber, namely reforestation and forest management, further and increased processing in developing producing countries, research and development, and improvement in market intelligence.

8. The Sixth Preparatory Meeting recognized the problem of the rapid depletion of the resources of industrial tropical timber and its implications for international trade for both producing and consuming countries. The Meeting emphasized that, in order to solve this problem, more efforts were required at the national and international levels. The Meeting considered that certain activities and functions in the field of reforestation and forest management were suitable for cooperation between producers and consumers within the framework of an international agreement on tropical timber. These were: to keep under review the support and assistance being provided at a national and international level for forest resource management and reforestation for the production of industrial tropical timber; to encourage increased technical assistance to national reforestation and forest resource management programmes; to assess the requirements and identify all possible sources of financing for the purpose of forest resource management and reforestation; to review regularly future needs of international trade in industrial tropical timber and on this basis to identify and consider possible schemes and measures aimed at satisfying such needs; to facilitate transfer of knowledge in the field of forest resource management and reforestation with the assistance of competent organizations; and to coordinate and harmonize the above-mentioned activities with the relevant activities pursued elsewhere, in particular those under FAO, UNEP, the World Bank, regional banks and other competent organizations.

9. As regards the other three elements of an international agreement on tropical timber, specific proposals and activities on further and increased processing in developing countries were considered. Regarding research and development, the Meeting endorsed the agreed conclusions of an Intergovernmental Expert Group on the subject and reviewed a set of project profiles. Similarly, the Meeting reviewed proposals of an Intergovernmental Group of Experts on Improvement of Market Intelligence and endorsed the Group's conclusions as representing results of the final preparatory phase.

10. As a number of institutional and other questions remained, a Meeting on Tropical Timber was held (29 November - 3 December 1982) to facilitate the task of the United Nations Conference on Tropical Timber, 1983. In its conclusions, the Meeting agreed that, in the identification and implementation of its activities, the International Tropical Timber Organization should give due regard to ecological and other considerations for the effective conservation and development of tropical timber resources.

11. With the understandings reached in the preparatory meetings, the first part of the Conference (14-31 March 1983) considered draft texts submitted by several Governments and groups of Governments. In addition to the basic elements agreed by consensus earlier, the Conference addressed a range of operational and institutional questions.

12. As the Conference could not conclude its work at the first part, a second part was held (7-18 November 1983). After all remaining matters were settled, the Conference, at its closing plenary on 18 November 1983, established the text of the International Tropical Timber Agreement, 1983.

13. Representatives of 69 States and the European Economic Community participated in the Conference.

B. Main features of the 1983 Agreement

14. The Preamble to the Agreement recognizes the importance of, and the need for, proper and effective conservation and development of tropical timber forests with a view to ensuring their optimum utilization while maintaining the ecological balance of the regions concerned and of the biosphere. It also recognizes the importance of tropical timber to the economies of members, particularly to the exports of producing members and the supply requirements of consuming members. It further expresses the desire to establish a framework of international cooperation between producing and consuming members in finding solutions to the problems facing the tropical timber economy.

1. Objectives

15. With a view to achieving the relevant objectives of the UNCTAD Integrated Programme for Commodities and bearing in mind the sovereignty of producing members over their natural resources, the objectives of the Agreement, as established in its article 1, are:

(a) To provide an effective framework for cooperation and consultation between tropical timber producing and consuming members with regard to all relevant aspects of the tropical timber economy;

(b) To promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market, by taking into account, on the one hand, a long-term increase in consumption and continuity of supplies, and, on the other, prices which are remunerative to producers and equitable for consumers, and the improvement of market access;

(c) To promote and support research and development with a view to improving forest management and wood utilization;

(d) To improve market intelligence with a view to ensuring greater transparency in the international tropical timber market;

(e) To encourage increased and further processing of tropical timber in producing member countries with a view to promoting their industrialization and thereby increasing their export earnings;

(f) To encourage members to support and develop industrial tropical timber reforestation and forest management activities;

(g) To improve marketing and distribution of tropical timber exports of producing members;

(h) To encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned.

16. Tropical timber, as defined the Agreement, refers to non-coniferous tropical wood for industrial uses produced in countries situated in the tropic zone. The term covers logs, sawnwood, veneer sheets and plywood.

2. Structure and functions of the International Tropical Timber Organization

17. To provide an international framework for the achievement of these objectives, the Agreement establishes the International Tropical Timber Organization. The Organization functions through the International Tropical Timber Council, its highest authority, and three permanent committees which are: the Committee on Economic Information and Market Intelligence, the Committee on Reforestation and Forest Management, and the Committee on Forest Industry.

(a) Functions of committees

18. The main functions of the Committee on Economic Information and Market Intelligence are to review the availability and quality of statistics and other information required by the Organization, to analyse statistical data and specific indicators, to review the international tropical timber market and to make recommendations to the Council on the need for and nature of appropriate studies on tropical timber.

19. The Committee on Reforestation and Forest Management has specific functions. According to paragraph 2 of article 25 of the Agreement, the Committee shall:

(a) Keep under regular review the support and assistance being provided at a national and international level for reforestation and forest management for the production of industrial tropical timber;

(b) Encourage the increase of technical assistance to national programmes for reforestation and forest management;

(c) Assess the requirements and identify all possible sources of financing for reforestation and forest management;

(d) Review regularly future needs of international trade in industrial tropical timber and, on this basis, identify and consider appropriate possible schemes and measures in the field of reforestation and forest management;

(e) Facilitate transfer of knowledge in the field of reforestation and forest management with the assistance of competent organizations;

(f) Coordinate and harmonize these activities for cooperation in the field of reforestation and forest management with the relevant activities pursued elsewhere, such as those under FAO, UNEP, the World Bank, regional banks and other competent organizations.

20. The Committee on Forest Industry has as one of its main functions promotion of cooperation between producing and consuming members as partners in the development of processing activities in producing member countries in areas such as transfer of technology, training, standardization of nomenclature of tropical timber, harmonization of specifications of processed products, encouragement of investment and joint ventures, and marketing. Another function of the Committee is exchange of information in order to facilitate structural changes involved in increased and further processing in the interests of both producing and consuming members. Other functions are monitoring ongoing activities in the field and identification and consideration of problems and possible solutions to them in cooperation with competent organizations. Another function is to encourage technical assistance to national programmes for processing of tropical timber.

21. Research and development is a common function of all three Committees. The close relationship between research and development, reforestation and forest management, increased and further processing, and market intelligence, is recognized.

22. Each of the Committees is entrusted with certain tasks with regard to project proposals assigned to it, including those on research and development. As provided in paragraph 5 of article 25, the tasks are to:

(a) Consider and technically appraise and evaluate project proposals;

(b) In accordance with general guidelines established by the Council, decide on and implement pre-project activities necessary for making recommendations on project proposals to the Council;

(c) Identify possible sources of finance for projects referred to in article 20, paragraph 2;

(d) Follow up the implementation of projects and provide for the collection and dissemination of the results of projects as widely as possible for the benefit of all members;

(e) Make recommendations to the Council relating to projects;

(f) Carry out any other tasks related to projects assigned to it by the Council.

(b) **Project cycle and criteria for project approval**

23. Project proposals are to be submitted to the Organization by members and are to be examined by the relevant committees. They may be in the fields of reforestation and forest management, research and development, further and increased processing in developing producing member countries and market intelligence.

24. The Council is to examine all project proposals together with the recommendations submitted by the committees. On the basis of certain criteria given below, the Council approves projects for financing or sponsorship. The Council also arranges for implementation and follow-up of approved projects.

25. Research and development projects should relate to at least one of the five following areas: wood utilization, including the utilization of lesser-known and lesser-used species; natural forest development; reforestation development; harvesting, logging infrastructure and training of technical personnel; and institutional framework and national planning.

26. Projects on research and development approved by the Council must be consistent with each of five criteria. As stated in paragraph 6 of article 23:

(a) They should be related to the production and utilization of industrial tropical timber;

(b) They should yield benefits to the tropical timber economy as a whole and be relevant to producing as well as consuming members;

(c) They should be related to the maintenance and expansion of the international tropical timber trade;

(d) They should offer reasonable prospects for positive economic returns in relation to costs; and

(e) They shall make maximum use of existing research institutions and, to the greatest extent possible, avoid duplication of efforts.

27. Other projects in the fields of reforestation and forest management, further and increased processing and market intelligence should be consistent with criterion (b) and, as far as possible, consistent with the other four criteria listed above.

28. The Council must also decide on the relative priorities among approved projects, taking into account interests and characteristics of the producing regions.

(c) **Finance for projects and pre-project activities**

29. The Organization is to seek finance for projects approved by the Council. Such projects may be taken up by another financing and executing agency or they may be financed from funds in the Special Account, established under the Agreement, and carried out by an executing agency. As provided in paragraph 2 of article 20, possible sources of finance for the Special Account are the Second Account of the Common Fund for Commodities, regional and international financial institutions and voluntary contributions from Governments or other sources.

30. Approved pre-project activities may be financed out of the Pre-Project Sub-Account of the Special Account. Such expenditures must be reimbursed to this Sub-Account, if projects are subsequently approved and funded.

31. Provision is made in the Agreement for the Council to establish terms and conditions on which it would sponsor projects for loan financing where members have voluntarily assumed full obligations and responsibilities for such loans and the Organization has no obligations for the loans. The Council may also sponsor any entity, including a member or members, to receive loans for financing approved projects and to undertake all obligations involved. The Council may monitor and follow up on implementation of projects so financed. It shall not be responsible for guarantees voluntarily provided by individual members or entities.

32. The Special Account is separate from the Administrative Account. The latter is used to meet expenses necessary for the administration of the Organization and is funded by annual contributions of members.

(d) **Cooperation and coordination with other organizations**

33. The Council is to make whatever arrangements are appropriate for consultation or cooperation with the United Nations and its organs, with FAO and with such other specialized agencies of the United Nations and intergovernmental, governmental and non-governmental organizations as may be appropriate.

34. The Agreement also provides that the Organization shall, to the maximum extent possible, utilize the facilities, services and expertise of existing intergovernmental, governmental or non-governmental organizations in order to avoid duplication of efforts in achieving its objectives and to enhance the complementarity and the efficiency of their activities.

(e) **Statistics, studies and annual review**

35. Together with other organizations, the Council is to help ensure availability of recent and reliable data and information on all factors concerning tropical timber. The Organization may, in cooperation with other organizations, compile and publish statistical information on production, supply, trade, stocks, consumption and market prices of tropical timber and on related areas. The Council is also to arrange for necessary studies on trends and short- and long-term problems of the world tropical timber market.

36. The Council is to annually review and assess the world tropical timber situation and exchange views on the outlook for, and other issues related to, the world tropical timber economy, including ecological and environmental aspects. The review is to be carried out in the light of information supplied by members, statistical data and specific indicators listed in annex C to the Agreement and other relevant information.

3. Status of the 1983 Agreement

37. The Agreement was open for signature from 2 January 1984 to 1 May 1985. It entered into force provisionally on 1 April 1985, with the conditions stipulated in paragraph 2 of article 37 being met. It remained in force for an initial period of five years and was extended twice by Decisions of the Council, for periods of two years each time. It is due to expire on 31 March 1994. However, if a new agreement has been negotiated but has not yet entered into force by 31 March 1994, the Council may decide to extend the Agreement again, in which case it would remain in force until the entry into force of the new agreement which replaces it.

38. At present, 23 countries are producing members and 27 countries plus the European Economic Community are consuming members, as listed in the annex to this note. Producing members represent about 89 per cent of the world's tropical forests and approximately the same percentage of total net exports of tropical timber by volume. The major net exporters of tropical timber among producing members are: Malaysia, Indonesia, Côte d'Ivoire, Papua New Guinea, Brazil, Gabon, Philippines, Cameroon and Liberia. Consuming members account for around 80 per cent of total net imports of tropical timber by volume. The major net importers of tropical timber among consuming members are: Japan, Republic of Korea, United States of America, United Kingdom, France, Netherlands, Germany, Italy, China and, more recently, Thailand.

39. The headquarters of the International Tropical Timber Organization is in Yokohama, Japan.

40. The International Tropical Timber Council, in its Decision 3(XI) of 4 December 1991 on arrangements for renegotiation of the 1983 Agreement, requested the Secretary-General of UNCTAD to arrange a Conference to establish the text of a successor agreement.

III. OPERATION OF THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 1983

A. Policy and normative guidelines

41. The Council has adopted sets of Guidelines which are designed to promote sustainable management of tropical forests. It has also recommended them as international reference standards to members and the international community in general. They are:

"Guidelines for the sustainable management of natural tropical forests", adopted on 23 May 1990;

"Guidelines for the sustainable management of planted tropical forests", adopted on 6 June 1991;

"Guidelines for the conservation of biological diversity in tropical production forests", adopted on 21 November 1992;

"Criteria for the measurement of sustainable tropical forest management" were adopted by the Council on 14 May 1992, and the Council encouraged members to apply them.

42. The Council approved the ITTO Action Plan on 23 November 1990. In identifying priority areas for programme development and project work, the Action Plan has broader policy content. In particular, it includes, as a priority objective, arresting the decline and degradation of tropical forests; and bringing all productive forest estates as soon as possible under sustainable management, so that, by the year 2000, the total exports of tropical timber products should come from sustainably managed resources.

43. By Decision 3(X) of 6 June 1991, the Council decided to implement a stipulated Strategy by which, "through international collaboration and national policies and programmes, ITTO members will progress towards achieving sustainable management of tropical forests and trade in tropical timber from sustainably managed resources by the year 2000."

44. A number of other Council Decisions, approved projects and other activities have policy and normative aspects.

B. Projects

45. As originally conceived, the core of the operational activities of the Council and the permanent committees under the 1983 Agreement was to arrange for the formulation and implementation of projects in three fields: reforestation and forest management; forest industry; and economic information and market intelligence. A closely allied function was to seek finance for projects approved by the Council.

46. As of 31 December 1992, the Council had approved a total of 179 projects with budgets totalling $US 149.8 million, of which budgets handled by ITTO represented $US 106.5 million. Of these, 28 were completed, 64 were operational, 30 were pending contracts, 33 were pending finance and 24 had been set aside under a sunset provision.

47. Ninety-six of the approved projects were in the field of reforestation and forest management. Their budgets totalled $US 99.9 million, of which ITTO's budgets represented $US 71.2 million. The forest industry sector had 60 approved projects with aggregated budgets of US$ 39.5 million, ITTO's budgets

accounting for $US 25.7 million. In the area of economic information and market intelligence, there were 23 approved projects costing $US 10.4 million, of which $US 9.6 million was financed through budgets of ITTO.

48. In addition to projects approved by the Council, ITTO has undertaken a number of pre-project studies and other project activities, almost all financed through ITTO budgets. Of 55 approved pre-project studies, 28 were completed, 15 were operational, 11 were pending contracts or finance and 1 was suspended. Their total budgets amounted to $US 5.5 million. Ten approved project activities were completed or operational and one was pending finance. Their aggregated budgets were $US 1.3 million.

C. Other activities

49. ITTO has sponsored a number of non-project activities comprising studies, workshops, seminars and missions, including publication of their reports.

50. Of particular interest is an exemplary effort undertaken in 1989 and 1990 when ITTO sponsored a high-level interdisciplinary mission to Sarawak, Malaysia, at the invitation of the Government of Malaysia. The purpose of the mission was to assess the sustainable utilization and conservation of tropical forests and their genetic resources, as well as the maintenance of the ecological balance in Sarawak, and to make recommendations for the further strengthening of sustainable forest management policies and practices, including areas of international cooperation and assistance.

51. The mission's overall assessment was that sustainable management was being partly achieved but full achievement depended on immediate action in several areas. One of these concerned operations on the ground and led to a recommendation that additional personnel was needed in the Forest Department to exercise control over logging and other operations, to provide technical training and education, and to undertake research. A vitally important recommendation was that the rate of timber harvesting would have to be reduced significantly in order to achieve sustained output even with intensified management and an enlarged permanent forest estate. This reduction could be effected in part through modifying the concession periods and cut size under strict control. Another recommendation was to enlarge the network of Totally Protected Areas in order to protect the full range of habitats and biological diversity, including expediting the gazetting procedures to delimit these areas. Other recommendations were: to assess the forest resources of Sarawak in relation to the long-term trade prospects for forest products; to review the organizational structure through which timber licenses are allocated, managed and operated; and, to encourage closer consultation and greater participation among local communities. These recommendations are in the process of being implemented by the authorities of Sarawak, Malaysia, with support from ITTO. A reduction of production, while in the long-term interest of Sarawak, has caused immediate problems of loss of income and employment at local levels and loss of government revenues and export earnings at the state and national levels.

IV. RECENT DEVELOPMENTS IN OTHER FORA OF RELEVANCE TO THE NEGOTIATION OF A SUCCESSOR AGREEMENT

52. In recent years, many organizations at the international, national and local levels have had discussions and taken decisions on forests and trade in timber that are relevant to the International Tropical Timber Agreement, 1983, and the negotiation of a successor agreement.

A. UNCTAD VIII

53. The eighth session of the United Nations Conference on Trade and Development (UNCTAD), which took place in Cartagena de Indias, Colombia (8-25 February 1992), adopted a final document, "A New Partnership for Development: The Cartagena Commitment" (TD/364). This document contains many parts on broad policy orientations and specific policies and measures that are relevant to the general areas of environment, trade and sustainable development and is of particular importance as regards its approach to interrelated issues in the three areas.

54. The Cartagena Commitment recommends that an optimal functioning of commodity markets should be sought, inter alia, through improved market transparency and that substantive negotiations between producers and consumers should be pursued with a view to achieving viable and more efficient international agreements, with particular attention to agreements on tropical timber and several other commodities. It emphasizes the importance of full and active participation by consumers and producers in international commodity agreements and calls for environmental considerations, technology transfer and services associated with the production, marketing and promotion of commodities to be taken into account.

B. United Nations Conference on Environment and Development

55. The United Nations Conference on Environment and Development (UNCED), which took place in Rio de Janeiro (3-14 June 1992), is of particular importance. It met at the level of heads of state and government and was the culmination of a long process of reflection and dialogue on issues including sustainable management of all forests between Governments, United Nations institutions and other international organizations, academic institutions, non-governmental organizations and the business community.

56. The subject of forests was extensively discussed in the preparatory process which led up to the Rio Conference, as well as at the Conference itself. Discussions on forests were also part of the preparatory phases for and negotiations on the Framework Convention on Climate Change and the Convention on Biological Diversity. Both Conventions were opened for signature at the Rio Conference.

57. In the UNCED preparatory process, efforts were made to agree to negotiate a global forests convention, but it did not prove possible to reach such a decision. The Conference did, however, adopt a document, the "Non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests" (A/CONF.151/6/Rev.1 and A/CONF.151/26 (Vol. III)), which is also known less formally as the "Statement of forest principles".

58. Another main document concerning forests which was adopted by the Conference is Agenda 21 (A/CONF.151/26 (Vols. I to III)), UNCED's action plan for the remainder of the 1990s and on into the twenty-first century. It contains a number of chapters that are connected in various ways with the subject of forests and trade in timber, and one, Chapter 11: "Combating deforestation", that is specifically devoted to this sector.

1. Non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests

59. The preamble affirms that the subject of forests is related to the entire range of environmental and developmental issues and opportunities, including the right to socio-economic development on a sustainable basis. It further declares that the principles reflect a first global consensus on forests and, in committing themselves to the prompt implementation of the principles, countries also decided to keep them under assessment for their adequacy with regard to further international cooperation on forest issues. Another understanding expressed in the preamble is that the principles should apply to all type of forests, both natural and planted, including all geographic regions and climatic zones.

60. The preamble recognizes that all types of forests embody complex and unique ecological processes which are the basis for their present and potential capacity to provide resources to satisfy human needs as well as environmental values, and as such their sound management and conservation are of concern to Governments and are of value to local communities and to the environment as a whole. It also recognizes that forests are essential to economic development and the maintenance of all forms of life.

61. The principles consist of a wide-ranging set of commitments or elements which are linked in many parts because of the complexity of the subject. Virtually all of the principles concern the International Tropical Timber Agreement, 1983, and negotiation of a successor agreement more or less directly and in various ways. Some of the most germane are cited below.

62. The principles state that the agreed full incremental cost of achieving benefits associated with forest conservation and sustainable development requires increased international cooperation and should be equitably shared by the international community. New and additional financial resources should be provided to developing countries to enable them to sustainably manage, conserve and develop their forest resources, including through afforestation, reforestation

and combating deforestation and forest and land degradation. Specific financial resources should be provided to developing countries which establish programmes for the conservation of forests, including protected natural forest areas.

63. The principles declare that States have the sovereign and inalienable right to utilize, manage and develop their forests in accordance with their development needs and level of socio-economic development and on the basis of national policies consistent with sustainable development and legislation, including the conversion of such areas for other uses within the overall socio-economic development plan and based on rational land-use policies. National policy formulation with respect to all types of forests should take account of the pressures and demands imposed on forest ecosystems and resources from influencing factors outside the forest sector, and intersectoral means of dealing with these pressures and demands should be sought. National policies and strategies should provide a framework for increased efforts, including the development and strengthening of institutions and programmes for the management, conservation and sustainable development of forests and forest lands. International institutional arrangements, building on those organizations and mechanisms already in existence, should facilitate international cooperation in the field of forests.

64. The principles state that forest resources and forest lands should be sustainably managed to meet the social, economic, ecological, cultural and spiritual human needs of present and future generations. They call for recognition of the vital role of all types of forests in maintaining the ecological processes and balance at the local, national, regional and global levels through their role in protecting fragile ecosystems, watersheds and freshwater resources and as rich storehouses of biodiversity and biological resources and sources of genetic material for biotechnology products, as well as photosynthesis.

65. The principles declare that decisions taken on the management, conservation and sustainable development of forest resources should benefit from a comprehensive assessment of economic and non-economic values of forest goods and services and of the environmental costs and benefits. The development and improvement of methodologies for such evaluations should be promoted.

66. The principles call for the role of planted forests as a sustainable and environmentally sound source of industrial raw material to be recognized, enhanced and promoted. Their contribution to the maintenance of ecological processes, to offsetting pressure on primary/old-growth forest and to providing regional employment and development with adequate involvement of local inhabitants should be recognized and enhanced. Natural forests also constitute a source of goods and services, and their conservation, sustainable management and use should be promoted.

67. The principles state that efforts should be undertaken towards the greening of the world. All countries, notably developed countries, should take positive and transparent action towards reforestation, afforestation and forest conservation. The implementation of national policies and programmes aimed at forest management, conservation and sustainable development, particularly in developing countries, should be supported by international financial and

technical cooperation, including through the private sector. Sustainable forest management and use should be carried out in accordance with national development policies and priorities and on the basis of environmentally sound national guidelines. In the formulation of such guidelines, account should be taken of relevant internationally agreed methodologies and criteria.

68. The principles declare that, in order to enable in particular developing countries to enhance their endogenous capacity and to better manage, conserve and develop their forest resources, the access to and transfer of environmentally sound technologies and corresponding know-how on favourable terms, including on concessional and preferential terms as mutually agreed, should be promoted, facilitated and financed.

69. The principles call for strengthening national, regional and international institutional capabilities in education, training, science, technology, economics, anthropology and social aspects of forests and forest management as they are essential to conservation and sustainable development of forests. International exchange of information on the results of forest and forest management research and development should be enhanced and broadened, making full use of education and training institutions, including those in the private sector. The provision of timely, reliable and accurate information on forests and forest ecosystems is essential for public understanding and informed decision-making and should be ensured.

70. The principles state that trade in forest products should be based on non-discriminatory and multilaterally agreed rules and procedures consistent with international trade law and practices. In this context, open and free international trade in forest products should be facilitated. Unilateral measures, incompatible with international obligations or agreements, to restrict and/or ban international trade in timber or other forest products should be removed or avoided, in order to attain long-term sustainable forest management.

71. The principles further state that reduction or removal of trade barriers and impediments to the provision of better market access and better prices for higher value-added forest products and their local processing should be encouraged to enable producer countries to better conserve and manage their renewable forest resources. Incorporation of environmental costs and benefits into market forces and mechanisms, in order to achieve forest conservation and sustainable development, should be encouraged both domestically and internationally. Forest conservation and sustainable development policies should be integrated with economic, trade and other relevant policies. Fiscal, trade, industrial, transportation and other policies and practices that may lead to forest degradation should be avoided. Adequate policies, aimed at management, conservation and sustainable development of forests, including incentives, should be encouraged.

2. Agenda 21

72. Many of the 40 chapters and more than 100 programme areas in Agenda 21 are connected to forests and timber trade in various ways. Specifically on this

sector is Chapter 11: "Combating deforestation". It consists of four programme areas each of which has sections on the basis for action, objectives, activities by topical area, and means of implementation by type. The programme areas are:

A. Sustaining the multiple roles and functions of all types of forests, forest lands and woodlands;

B. Enhancing the protection, sustainable management and conservation of all forests, and the greening of degraded areas, through forest rehabilitation, afforestation, reforestation and other rehabilitative means;

C. Promoting efficient utilization and assessment to recover the full valuation of the goods and services provided by forests, forest lands and woodlands;

D. Establishing and/or strengthening capacities for the planning, assessment and systematic observations of forests and related programmes, projects and activities, including commercial trade and processes.

73. The programme areas contain wide-ranging activities. Strengthening the coordination and performance of existing international organizations, including ITTO, is called for under sections on international and regional cooperation and coordination. In particular, the section under Programme Area B, which covers sustainable management of forests and reforestation, calls for:

> Strengthening the coordination and improving the capacity and ability of intergovernmental organizations such as FAO, ITTO, UNEP and UNESCO to provide technical support for the management, conservation and sustainable development of forests, including support for the renegotiation of the International Tropical Timber Agreement, 1983, due in 1992/93.

74. Another chapter of much importance is Chapter 33: "Financial resources and mechanisms". It states that financing for the implementation of Agenda 21 will come from a country's own public and private sectors. For developing countries, particularly the least developed countries, official development assistance (ODA) is a main source of external funding, and substantial new and additional funding for sustainable development and implementation of Agenda 21 will be required. The Commission on Sustainable Development will regularly review and monitor progress towards reaching the developed countries' target of 0.7 per cent of GNP for ODA, and the review process will combine the monitoring of the implementation of Agenda 21 with a review of the financial resources available. Funding for Agenda 21 and other outcomes of UNCED should be provided in a way which maximizes the availability of new and additional resources and which uses all available funding sources and mechanisms. These include the multilateral development banks and funds: the International Development Association (IDA), regional and subregional banks, and the Global Environment Facility (GEF). The GEF is managed jointly by the World Bank, UNDP and UNEP and is to be appropriately restructured. Also included as sources of funding and

mechanisms are the specialized agencies and other United Nations bodies, other international organizations, multilateral institutions for capacity-building and technical cooperation, bilateral assistance programmes, debt relief and private funding.

Annex

MEMBERS OF THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION AS OF 31 JANUARY 1993

Producing members

Bolivia
Brazil
Cameroon
Colombia
Congo
Côte d'Ivoire
Ecuador
Gabon
Ghana
Guyana
Honduras
India
Indonesia
Liberia
Malaysia
Panama
Papua New Guinea
Peru
Philippines
Thailand
Togo
Trinidad and Tobago
Zaire

Consuming members

Australia
Austria
Canada
China
Egypt
European Economic Community
- Belgium
- Denmark
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Netherlands
- Portugal
- Spain
- United Kingdom

Finland
Japan
Nepal
New Zealand
Norway
Republic of Korea
Russian Federation
Sweden
Switzerland
United States of America